

State of Alaska

Department of Labor and Workforce Development

Division: Business Partnerships

Policy: 603.00

Subject: Grant Close-out

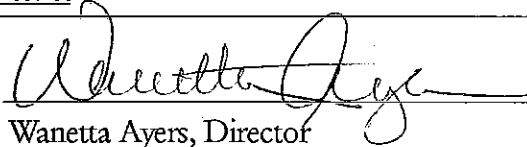
Pages: 5

References: Office of Management and Budget (OMB) Circular A-102, Grants and Cooperative Agreements with State and Local Governments, codified by the US Department of Labor as 29 CFR 97, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments; OMB Circular A-110 Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations, codified by the US Department of Labor at 29 CFR 95; OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations; US Department of Labor's One-Stop Comprehensive Financial Management Technical Assistance Guide; and, the State of Alaska Single Audit Regulation, 02 AAC 45.010-.090.

Effective: 4/18/2003

Revised: 1/1/2014

Approved:


Wanetta Ayers, Director

12/26/13
Date

This policy replaces Policy No. 03-002 Revision # 1 previously issued by the Division of Business Partnerships.

1) Parties Affected

This policy applies to grant recipients that receive public funds through the Division of Business Partnerships (DBP).

2) Purpose

This policy provides the Division's grant recipients with guidance necessary to formally close a grant or financial assistance agreement following the end date of the agreement.

3) Definitions

- a) *Accrued Expenditures* are charges incurred during a reporting period requiring the provision of funds for (1) goods and other tangible property received, (2) services performed by employees, contractors, sub-recipients, sub-contractors, and other payees, and (3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments. Typically, an Accrued Expenditure will be for a good or service that has been received during the reporting period which the recipient has not paid at

the end of the reporting period. Also included in Accrued Expenditures should be amounts related to employee time worked that has not yet been paid. For example, a grant recipient may have a pay period ending June 30, which will not be paid until July 7. The amount of the June 30 payroll would be an accrued expenditure on the June 30 financial report.

- b) *End Date* is the date specified in the grant agreement by which all grant activities must be completed and is identified as the end of the period of performance.
- c) *Grant* is all of the documents included in the contractual agreement between the Division and a grant recipient under the Division's job training programs, and includes Reimbursable Services Agreements (RSA) with other state agencies where funds are provided for services to the public.
- d) *Grant Recipient* is the recipient specified in the grant or RSA document.
- e) *Obligations* are a commitment of funds by the grant recipient agency that will result in future payments or expenditures. An Obligation differs from an Accrued Expenditure in that the goods or services provided through an Obligation have not yet been received by the grant recipient. Funds may be obligated through a variety of documents, such as sub-grants, sub-contracts, inter-governmental agreements, purchase orders, individual training accounts, and so on.

4) Policy

The Division's grant recipients will comply with the requirements set forth in this policy.

5) Requirements

- a) Grant Recipient Close-out Procedures
 - i) After the end date of the grant agreement, the grant recipient must undertake all actions necessary for the timely and proper closure of the grant agreement as specified in this policy.
 - ii) On the end date of the grant agreement, all programmatic activities related to the grant agreement must cease. The grant recipient must ensure that no new obligation of funds occurs after the end date.
 - iii) The grant recipient must complete all activities required to close the grant agreement and must submit the appropriate close-out documents to the Division by the timelines specified in this policy.
 - iv) The grant recipient should prepare the final payroll for the pay period covering the end date of the grant agreement. No personal services expenses may be incurred for pay periods beyond the grant's end date. The grant recipient must make all applicable payroll tax payments or deposits in a timely manner and must resolve any payroll related liabilities.
 - v) The grant recipient should identify any accrued expenditures at the end date of the grant and should ensure that invoices are received from and payments are issued to vendors or sub-recipients in a timely manner after the grant end date.
 - vi) The grant recipient should research all obligations remaining at the grant's end date and should liquidate or release any balance of obligated funds remaining

after payment for goods and services by completion of a Release of Encumbrance form.

- vii) If a special bank account was established for the grant agreement, the grant recipient must close the account after all financial activity pertaining to the grant is complete. Any balance of funds remaining in the account after all financial obligations have been paid must be returned to the Division of Business Partnerships.
- viii) The grant recipient must account for any property, equipment or supplies purchased with grant funds by the completion of a Property Inventory Certification form. For any property or equipment with a per-unit fair market value of \$5,000 or more and a remaining useful life of one year or more, any unused supplies with an aggregate fair market value of \$5,000 or more, or any intangible personal property, the grant recipient must prepare a Property Inventory Listing to be attached to the Property Inventory Certification. The documents must be submitted to the Division **not later than 15 days** following the end of the grant. The Division will provide direction regarding the disposition of the property in accordance with Division Policy # 210.00, *Property Management*.
- ix) The grant recipient must determine the final grant expenditures according to the budget line items identified in the grant agreement. The amounts expended should be compared with the budgeted amounts to determine if any budget line item amounts have been over-expended and require an amendment to the grant budget. Should the grant budget require an amendment, the grant recipient must contact the Division as soon as possible, but **not later than 45 days** following the end of the grant. Failure to comply with this requirement may result in the budget amendment not being approved and the grant recipient being responsible for any amounts expended greater than the budgeted amounts.
- x) The grant recipient must complete a cash analysis by comparing the funds received under the grant with the amount expended on grant activities. In this analysis, the grant recipient must account for and assign by completion of an Assignment of Refunds, Rebates, and Credits form any program income, refunds, rebates, credits or other amounts that reduced expenditures or increased receipts. If the amount received under the grant is less than the amount expended, the grant recipient must prepare a final reimbursement request and must submit the request as soon as possible but **not later than 15 days** following the end of the grant. If the amount received exceeds the amount expended, the grant recipient must prepare a check to return the excess payments to the Division as soon as possible, but **not later than 15 days** following the end of the grant. The grant recipient must prepare and submit to the Division a Final Narrative Report of grant activity in accordance with the requirements specified in the grant agreement.
- xi) The grant recipient must prepare a Final Quarterly Financial Report, which should show no accrued expenditures or obligations. All financial activity on the grant must be completed before the Final Quarterly Report is prepared. The Final Quarterly Report must be submitted to the Division as soon as possible, but **not later than 15 days** following the end of the grant.

- xii) If applicable, the grant recipient must prepare a Final Quarterly Program Income Report. The report must be submitted as soon as possible, but **not later than 15 days** following the end of the grant.
- xiii) The grant recipient must complete the following grant close-out documents: Assignment of Refunds, Rebates and Credits; Property Inventory Certification and Property Inventory Listing, if applicable; Release of Encumbrance; Tax Certification and Federal and State Single Audit Requirement Certification. The documents must be signed by a representative or official of the grant recipient organization that is authorized to legally bind the grant recipient to the terms and conditions of these documents. The documents must be submitted to the Division as soon as possible, but **not later than 15 days** following the end of the grant.

b) Grant Recipient Responsibilities After Grant Close-out

- i) The grant recipient's responsibilities do not end with the completion, submission, and acceptance of the required grant close-out documents. The grant recipient's responsibilities after grant close-out are as follows:
 - (1) The grant recipient is responsible for receiving any refunds, rebates, or credits related to grant activities, and for remitting those amounts, including any associated interest, to the Division within five working days of receipt. The grant recipient is responsible for ensuring proceeds from refunds, rebates, or credits are remitted to the Division with documentation of the grant number, fiscal year of award, and funding program from which the remittance is associated.
 - (2) The grant recipient may be required to have a state or federal single audit completed if the grant award totaled \$500,000 or more in a fiscal year in either state or federal funds. The audit requirements apply to local governments, Native organizations and councils, non-profit entities, and under some circumstances, for-profit organizations. If an audit is required, the grant recipient is responsible making all arrangements to have the audit completed within the timeframes specified in the state and federal audit regulations 2 AAC 45.010-090. The grant recipient should contact the Division's Grants Administrator if additional information or assistance is needed.
 - (3) The grant recipient is responsible for assisting the Division in the resolution of any findings of non-compliance or questioned costs identified in federal or state single audit reports which cover the grant from the Division. The grant recipient is responsible for taking appropriate actions to resolve the findings and questioned costs. This may involve developing a corrective action plan for the findings or the submission of additional documentation or explanation in support of questioned costs. The failure of the grant recipient to respond to any audit findings or questioned costs in an appropriate or timely manner may result in costs being disallowed and sanctions being imposed. The grant recipient is responsible for repaying to the Division any costs related to the grant that have been determined to be not allowed.

- (4) The grant recipient is responsible for retaining all records and documents pertaining to activities carried out under the grant agreement after the grant's end date. Grant records must be retained for five years following the fiscal year of the grant closeout, or five years following resolution of any grant audits, litigation, or other unresolved matters, whichever is later. The grant recipient is responsible for making any arrangements necessary to store and retain the records. The grant recipient must take appropriate action to ensure that any confidential records related to the agreement, such as participant information, is retained and destroyed in a manner that ensures confidentiality is maintained. Failure to maintain the grant records for the required period of time may result in the grant recipient being required to repay the amount of the grant.

6) **Responsibilities**

- a) Division staff is responsible for ensuring grants are closed in a timely, proper, and complete manner by receiving, reviewing, and approving grant close-out documents and by ensuring grant recipients take all necessary actions to close the grants.
- b) Grant Recipients are responsible for:
 - i) completing all activities necessary to properly close a grant, including the timely completion and submission of grant close-out documents and forms; and
 - ii) fulfilling their continuing responsibilities after the grant close-out activities have been completed.